

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **September 28, 2004, Work Session**

AGENDA ITEM NO.: 4

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Burton Creek Interceptor Memorandum of Understanding**

RECOMMENDATION: Authorize the City Manager to execute a Memorandum of Understanding (M.O.U.) for the sale of 140,000 gallons per day (gpd) of additional peak capacity in the Burton Creek Interceptor to Campbell County Utilities and Service Authority (CCUSA).

SUMMARY: CCUSA has requested to enter into a M.O.U. for the purchase of an additional 140,000 gpd peak flow capacity in the Burton Creek Interceptor. This would be done in accordance with the terms of the Regional Sewage Treatment Plant Agreement (1974), subsequent Agreement to Implement (1983), and subsequent M.O.U.'s. The cost of the additional capacity to CCUSA is \$13,370.11. Refer to the attached Burton Creek Interceptor M.O.U. Background Summary for more information. Recently a similar M.O.U. was executed with Bedford County Public Service Authority for the sale of additional excess capacity in the James River Interceptor.

PRIOR ACTION(S): None

FISCAL IMPACT: Immediate - \$13,370.11 in additional revenue to the Sewer Fund.
Future – increased revenue to the Sewer Fund from increased wastewater flows.

CONTACT(S): Timothy A. Mitchell, P.E., Director of Utilities, 455-4252
Bruce McNabb, P.E., Director of Public Works, 455-3946

ATTACHMENT(S): Resolution
Burton Creek Interceptor M.O.U. Background Summary
Burton Creek Interceptor M.O.U.

REVIEWED BY: lkp

Resolution:

BE IT RESOLVED That City Council hereby authorizes the City Manager to execute a Memorandum of Understanding for the sale of 140,000 gallons per day of additional peak capacity in the Burton Creek Interceptor to Campbell County Utilities and Service Authority.

Adopted:

Certified: _____
Clerk of Council

141L

Burton Creek Interceptor M.O.U. Background Summary

September 28, 2004

The City of Lynchburg's Regional Wastewater Treatment Plant is operated in accordance with the Regional Sewage Treatment Plant Agreement dated June 6, 1974 and subsequent Agreements to Implement between the City of Lynchburg and the Utility Service Authorities of Amherst, Bedford, and Campbell Counties. In addition to the establishing the terms and conditions related to the operations of the Regional Plant, these agreements also establish the methodology in which capacity can be bought and sold both in the Regional Plant and the sewage interceptors that convey the wastewater from the counties to the Regional Plant, otherwise known as Joint Use Facilities.

Campbell County Utilities and Service Authority (CCUSA) has requested to enter into a Memorandum of Understanding (M.O.U.) for the purchase an additional 140,000 gallons per day (gpd) in the Burton Creek Interceptor in which they currently own 40,000 gpd for a total peak capacity of 180,000 gpd. Upstream of the Burton Creek Interceptor CCUSA already owns 180,000 gpd in the Rockcastle Creek Interceptor and 670,000 gpd downstream in the Blackwater Creek Interceptor (Refer to Attachment 1 of the attached M.O.U.). Therefore, this results in a restrictive segment in which flows entering the Rockcastle Creek Interceptor from Campbell County can not exceed a peak of 40,000 gpd.

Previously, there were concerns related to available capacity in the Burton Creek Interceptor. However, recent flow studies performed by the City Utilities Division and analyzed by Wiley & Wilson indicate the available unused capacity in the Burton Creek is in excess of 1.3 million gallons per day (mgd). Therefore the amount requested by CCUSA is approximately 10% of the available unused capacity in the Interceptor. Additionally, as a result of this flow study replacement of the Burton Creek Interceptor (originally scheduled for this fiscal year) has been postponed at least until 2009 and possibly indefinitely. It is not anticipated that future flows from the drainage area that the Burton Creek Interceptor serves within the City limits will exceed the remaining available capacity. Should the City decide to proceed with the replacement of the Interceptor in the future, in accordance with the Regional Agreement, CCUSA will be responsible for their proportionate share of the cost based upon purchased capacity.

The methodology in which the capacity would be sold is based on the depreciated replacement costs, assuming a 40 year life. Further, the facilities will not be depreciated below 20% of the replacement costs. As a result, CCUSA's buy-in cost for an additional 140,000 gpd of capacity in the Burton Creek Interceptor would be \$13,370.11 (Refer to Attachment 2 of the attached M.O.U.). This same methodology was recently used in the sale of additional available capacity in the James River Interceptor to Bedford County Public Service Authority.

MEMORANDUM OF UNDERSTANDING
FOR ADDITIONAL PEAK FLOW CAPACITY IN THE
BURTON CREEK INTERCEPTOR
IN ACCORDANCE WITH TERMS OF THE
REGIONAL SEWAGE TREATMENT PLANT AGREEMENT

The Memorandum of Understanding made and entered into this ____ day of _____, 2004 by the City of Lynchburg (the "City") and Campbell County Utility Service Authority (CCUSA) for the purpose of clarifying issues and documenting cost and capacity relating to the City receiving sewage flows from CCUSA into the City's Burton Creek Interceptor Sewer and transporting the flows to the Regional Sewage Treatment Plant for treatment. The existing agreement that addresses the procedural framework for this action is the Regional Sewage Treatment Plant Agreement date June 6, 1974 and the subsequent Agreement to Implement the Regional Sewage Treatment Plant Agreement dated November 4, 1983.

This Memorandum of Understanding covers the following items and the "Section" referenced is the Numbered Section in the original Agreement.

Section III – Delivery and Treatment of Wastes:

The point of entry of flows from CCUSA for the Burton Creek Interceptor is designated as C4 as shown on the attached map designated as Attachment 1. Upon execution of this Agreement, the combined peak flow at this point of entry shall not exceed 180,000 gallons per day (gpd) and the total average daily flow shall not exceed 70,000 gpd. Additionally, the combined average and/or peak flows from all points of entry shall not exceed previously purchased capacities in the downstream interceptors.

Section IV – Metering of Wastes:

Metering of wastes shall continue as previously agreed upon in the original Regional Agreement.

1983 Agreement to Implement:

CCUSA cost for capacity is based on replacement costs less depreciation as described in Section XV. "Capital Cost Contribution and Pre-1976 Joint-Use Interceptors and Line Capacity", paragraph C of the Agreement to Implement the Regional Sewage Treatment Plant Agreement. Additionally, replacement costs shall be based on Engineering News Record Construction Cost Index for September, 2004. Depreciation shall be based upon straight line depreciation of the replacement cost (40 year life) or 80% of the replacement value, whichever is lesser.

CCUSA agrees to pay the City \$13,370.11, as calculated in Attachment 2, "Burton Creek Interceptor Additional Buy-in Calculations," representing a one time lump sum payment for purchasing an additional 140,000 gpd peak flow capacity in the Burton Creek Interceptor from the Lynchburg Expressway to the Black Water Creek Interceptor.

WITNESS the following signatures and seals:

City of Lynchburg

By: _____
City Manager

Seal

Attest: _____
Clerk

Campbell County Utilities and Services Authority

By: _____
Chairman

Seal

Attest: _____
Secretary

Attachments